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Danube, where goods flow in through easy channels of communication and can find an easy and cheap way to further distribution into the Balkan countries and the shores of the Black Sea. Due to this fortunate location a particular branch of jobbing has for many generations established itself in Vienna, specializing in the eastern trade and generally recognized as unsurpassed in its efficiency. This plan of developing Vienna into one of the most important jobbers of Europe is deserving of due consideration. When we look closer to the chances and possibilities of Austria's future, things look at once bright and cheerful. All Austria needs in order to effect this necessary transformation of her economics, is assistance in developing her resources. In other words, she needs credit, and only credit can save her. She must be carried over the time which is needed to rearrange her whole economic structure. England, France, Italy and Czechoslovakia have, as you know, recently come to her assistance with advance credits, the forerunner, it is hoped, of the great systematic plan of rehabilitation.

PARTICIPATION OF AMERICA

But one dark spot on the horizon is the absence of the United States of America from among the powers planning the reconstruction of Europe. It does not behoove me to comment on the advisability or non-advisability of America's active participation in this work under present circumstances. I do wish, however, to voice a general hope that the time is near when the events and conditions in Europe will so shape themselves that the wise leaders of America will consider the proper moment come to ascend the steps leading to the supreme bench reserved to the "arbiter mundi." This wish is expressed in consciousness of the great moral influence which such a decision would have on the whole world, for there is undoubtedly no power on earth, which with a clearer conscience could take over this exalted function of a Righter of the World, as the United States of America, fully impartial to all kinds of petty jealousies and selfish reasons, and partial only to the welfare and interests of mankind, justice and genuine lasting peace.

The Industrial and Financial Situation in Great Britain and Its Remedies

BY JOHN JOYCE BRODERICK

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THE fundamentals of the British position, fortunately, are very simple. They scarcely need to be stated, much less to be examined in detail, especially since the important events and movements which take place in England are generally very fully reported in the American press and followed by the American business public almost as closely as the situation in the United States itself. However,

it is sometimes useful to restate fundamental facts, especially when you are considering remedies for existing evils, or endeavoring to find ways and means of meeting difficulties with which you are confronted, and that must be my excuse if I should appear to be too elementary in what I say.

An official estimate made a little before the outbreak of the European War indicated that we had in Great

Britain and Ireland a total population of a little over 46 millions to an area of 120,651 square miles and a density in England and Wales of 618 persons to the square mile. That is an elementary fact but impressive when you think of what it means. The growth of this population has synchronized with and been caused by or based upon the rapid growth of machine industry. For the sustenance of this population (and of the livestock maintained in the country) the United Kingdom imported in the year 1913 under the general heading of Food, Drink and Tobacco, goods to the aggregate value of £295,000,000 or, at \$5 to the £, about \$1,475,000,000. The tobacco imported might, perhaps, be regarded in the nature of a luxury, and it is obvious that, in this country, most people would be inclined to place a considerable proportion of the imports of drink as in the luxury class. At a pinch, considerable reductions could doubtless be made in the quantities of actual solid foodstuffs brought from overseas, and considerable reductions were made, in point of fact, during the war years when the tonnage for transportation was limited and when the resources of the population were being progressively limited by the stress of the war. It remains true, nevertheless, that the United Kingdom cannot support her large population on her own domestic food resources, but has been and will continue to be obliged to purchase enormous quantities of grains, meats and other provisions from overseas countries. These food supplies are paid for, in part, by shipping and financial services rendered to overseas countries and by the annual interest on British overseas investments, but in the main they are paid for by exports of manufactured and partly manufactured articles supplemented by the exports of coal. As the Prime

Minister recently stated at Cannes, "Britain lives by her exports."

Now, the production of manufactured goods renders necessary a very large annual importation of cotton, iron ore, copper, wool, lumber and other raw materials of industry. In 1913 the total value of our imports of raw materials and articles, mainly unmanufactured, reached a total of £269,939,720 or, approximately, \$1,350,000,000, and these imports had to be paid for by further shipments of the products of industry.

Of course, a large proportion of the output of British factories is absorbed by the domestic demand created by a population of over 46 million people. The domestic market is a highly important market from the point of view of the British manufacturer. He regards it as, and it is, the substantial groundwork of national industry, but the purchasing power of the population is vitally affected by and, in the final analysis, dependent upon a flourishing overseas trade. So the real key to the position and prosperity of Great Britain over a series of years is her exported surplus of manufactures and the volume of her earnings for shipping freight, insurance, financial and other services—her overseas balance in fact.

A short consideration of the position of her great export industries will, therefore, give you a fairly clear idea of her industrial and financial situation. All her industries were seriously damaged by the War, damaged to an extent only too keenly felt by those actually engaged in and dependent upon them, but scarcely appreciated abroad. A very heavy decrease took place, for example, during the war period, in the actual output of all industries which were not considered strictly essential for war purposes. The ranks of their laboring forces were thinned by suc-

cessive drafts upon their men, either for service on the firing line or for diversion to the production of war requirements. Their supplies of raw materials were progressively curtailed, and, with the exception of the shell factories, there were only two groups of industries, namely, the metal and the chemical industries, in which the number of men employed during the war period showed an increase. The output of these two industries, it need scarcely be added, was entirely devoted to war purposes.

The coal-mining industry suffered with particular severity, not only because the labor engaged in it was seriously curtailed, over half a million miners having been called to the colors, but also because such a seriously diminished mining force could maintain output at a reasonably safe level only by working the easily won coal and leaving the more difficult seams to be worked when the War was over. Hence, an enormous amount of new and difficult development work has had to be undertaken in the coal-mining industry since the Armistice, as an essential prerequisite of increased coal production. The depreciation of plant and the shortage of tubs presented additional difficulties in this industry which could be only gradually overcome.

I think it is unnecessary to go into further detail on these matters, and I mention them only to show what serious problems confronted British industry after the War was over. It is not an exaggeration to say that the export trade had been practically allowed to go by the board, more especially the trade with distant markets which would, in any case, have required the use of considerable shipping tonnage for its maintenance.

Then the reabsorption into industry of the armies which had been fighting

in France, in the Near East, in Mesopotamia and other battle fields presented the gravest difficulty, because it was found impossible to demobilize them in accordance with reviving requirements of industry. The Ministry of Reconstruction had worked out a very carefully laid plan of demobilization under which we were to demobilize first of all the men who belonged, or had before their war service belonged, to the pivotal industries upon which the industrial pyramid stands, and then the men belonging to the next higher important industries, and so on, until we completed the pyramid; but, in order to do that, we should have had to demobilize, in the first place, the very men who had been the last to be called to the colors, and that did not satisfy the men. The men who had been first called to the colors were not willing to agree that those who had come last should be the first to be discharged. The situation became so difficult that the whole demobilization scheme of the Ministry of Reconstruction had to be scrapped, and the troops had to be demobilized according to regiments—in an unregulated way, so far as the industrial situation in the United Kingdom was concerned.

All these and other factors, including the increased difficulty of securing certain raw materials even at inflated prices, and the vitally important difficulty of regaining old markets or finding new outlets for industrial products, seriously retarded reconstruction. Some of them have been partially overcome, but some, such as the question of markets and of effective demand from foreign countries, have increased in difficulty in the meantime.

COAL AND OTHER INDUSTRIES

The question of coal supply and of coal exports is one of peculiar importance in the British industrial and

commercial situation. The total output of British coal in 1913 was about 287 million tons, of which 94 million tons were exported as cargo and bunkers. In no single year during the War or since did either the output or the exports again reach those figures. Delay in recovery is due to some extent to the factors I have already mentioned, namely, the practical exhaustion of the more easily worked seams and the depreciation of equipment, but it is due far more to labor disturbances and controversies regarding the organization and nationalization of the industry. A strike which took place in 1919 is held responsible for a loss of about 14 million tons of coal, while the loss entailed by the strike of last summer is quite incalculable. One result of that strike was that the total output in 1921 was the lowest recorded for thirty-five years, amounting only to 163½ million tons as compared with 229 million tons in the previous year and 287 million in 1913. It is interesting here to note a somewhat encouraging change which has taken place in the cost of coal production since the mines have been restored to private operation. During the first three months of 1921 the net cost of production, excluding capital charges, was forty shillings a ton, wage costs representing 29/8 a ton and other costs 10/7. Work was resumed in the mines after the strike, in July. The number of men employed in the industry was reduced between then and November by about 160,000 and by the end of the year the cost of production in Great Britain as a whole had declined from forty to twenty shillings a ton. Output per man was also increasing and the prospects in many of the coal fields had greatly improved. Another encouraging sign was a marked revival of foreign demand for British coal and a consequent

increase in exports, which are still, however, far below the 1913 level.

In most other industries, also, the year 1921 was one of unexampled depression. Stagnation in the iron and steel industry which the coal stoppage had brought almost to the verge of collapse may be appreciated from the fact that the total output of pig iron for the whole year amounted to only 2,611,000 tons as against 7,967,000 tons in 1920 and 10,200,000 tons in 1913, while the production of steel ingots and castings which stood at 7,665,000 tons in 1913 reached only 3,625,000 tons in 1921. The chief cause of these declines was a rapid drop in prices, which set in at the very beginning of the year and continued on the downward grade until December. Exports of pig iron in 1921 were only one quarter of those in 1920, but the exports of finished iron and steel, on the other hand, showed a tendency to increase. The present outlook is somewhat more encouraging as there are large postponed railroad and other requirements to be filled and a further reduction of fuel and transportation charges is to be expected.

Similarly, in the textile industries, which together give employment in normal times to well over a million persons and which account for about one-third of British export trade in manufactured goods, the record of 1921 has been one of severe depression, short hours and unemployment. So far as the cotton industry is concerned, wide fluctuations in the price of raw cotton prevented steady production. Since the close of the year, however, some slight improvement is noticed in certain standard lines and a stronger export situation is developing. Observations of the same general character might be made about the woolen trades, which passed through a very unsatisfactory year in 1921 but which

have somewhat brighter prospects now, chiefly because of the progressive exhaustion of stocks of high priced goods, the cheapening of raw material and of fuel costs and because of postponed demand.

The shipbuilding industry accounts in normal times for an important proportion of our export trade. It is an industry in which Great Britain has held the lead for a long time. In 1921 its actual tonnage launched reached about 1,600,000 tons as compared with 2,150,000 tons in 1920. Unfortunately, however, these launchings represented the completion of old contracts and the new orders received in British yards were scarce and comparatively small. This is by no means surprising when one considers the reduction in world-trade, the consequent state of the freight market and the fallen values of mercantile tonnage. Hopes for the future in the shipbuilding industry of Great Britain are based upon the age and condition of much of the tonnage now in operation as well as upon the expectation of a definite, if slow, increase in international traffic.

UNEMPLOYMENT AND REMEDIES

These short sketches of the condition of some of our most important export industries in 1921 taken together present a gloomy picture and it would be still more gloomy if I referred to the unemployment of labor springing from the conditions in the industries I have touched upon and similar conditions in most other trades. Unemployment, in fact, has been one of our most serious political as well as social problems during the past nine or ten months. The actual figures of unemployment are not in my possession, but I understand that they amounted to some 2,000,000 persons out of work, and there are abundant indications

that the situation has been and still is a serious one—so serious that Parliament, although recognizing that its cure depends upon the energy and application not only of the workers in the United Kingdom, but also of those in countries to which the United Kingdom sells its products, has nevertheless felt it necessary to adopt certain measures of relief. A special session of Parliament was called in October, 1921, to deal with this very question, and agreed to vote funds in aid of various kinds of relief work then in existence. It was agreed, for example, that the central government would guarantee 60 per cent of the wage bill incurred by local authorities in carrying out certain approved works. This measure alone has resulted in work's being provided for more than 100,000 men for varying periods. The central government also consented to make grants towards the interest and sinking fund of loans raised by local authorities for works of public utility which would provide employment for the workless. An important act was also passed called the "Trade Facilities Act," which authorizes the British Treasury to guarantee the payment of loans in respect to capital undertakings in Great Britain or of the purchase in Great Britain of goods to be used in capital undertakings abroad.

These remedial measures have all helped materially to reduce the volume of unemployment. Late in March the number of workers out of employment stood at the lowest figure for many months, but, as I have just said, it is fully realized that these measures are only temporary (and very costly, involving an outlay of more than \$1,000,000) expedients and that the real remedy lies in restoring effective markets and so keeping the wheels of industry in constant motion.

BRIGHTER ASPECTS

Up to the present I have been dwelling upon the gloomy, dark side of our situation. Let me turn now to the silver lining of the cloud. One does so with relief, even though the silver lining be as yet but a very narrow margin of brightness on the cloud's edge. You may perhaps be surprised to hear me say that one factor that goes to make up the silver lining is the recent development of the British labor situation. Labor is usually referred to as presenting the darker side of the British position and accusing fingers are often pointed at the coal miners and transport workers whose strikes, since the Armistice, have done so much to retard and hamper the return of British prosperity. I cannot myself take any very definite side on this controverted topic, but, on whichever side the blame for those disastrous stoppages of work lay, it is certain that the depression and lack of employment and privation brought by the year 1921 has taught us useful lessons and helped us over many an economic and social fallacy. In 1921, labor, like the other members of the industrial partnership, went through the depths of depression. Undesirable and unregulated tendencies which had appeared during the previous period of giddy prosperity were definitely checked. There was never, I think, any real danger that British labor, as a whole, would subscribe to communistic principles, although an extreme section, or left wing, of labor undoubtedly did entertain Bolshevistic ideas, just as similar ideas were entertained almost eighty years ago when the country had to cope with the Chartist movement. But if communistic notions did not find full acceptance in their entirety among British labor, the extreme left *was* exercising a growing influence and

methods of "direct action" were gaining ground. Such methods were actually adopted in the coal strike of last summer when the safety men were withdrawn from the mines. But, while the British people are very sympathetic to just claims of labor, they have no sympathy with Bolshevism in any shape or form, and the result of the coal strike, as well as of the serious labor disturbances which preceded and led up to it, has been a signal defeat for the extremists and direct actionists and a vindication for the saner leaders of the Trade Union movement who had opposed extreme methods all along.

Our overseas trade is showing signs of healthy improvement though, of course, it cannot regain a normal, satisfactory, condition until peace has been fully restored in Europe and Asia. The general financial position seems satisfactory as we may gather from the reductions in the bank rate and the low rates for money now prevailing. You are as familiar as I am with the fact that our national revenue and our national expenditure, in spite of the great difficulties I have touched upon, have not only been balanced but that provision has been and is being made for some reduction of debt and for the payment of interest on the loans contracted for the assistance of our allies in the War. It was, as you know, the settled policy of the British government during the whole period of the War to finance as much as possible of the war expense out of actual revenue and it succeeded in so financing a large proportion of that expense, notwithstanding its enormous dimensions. Thus in the year 1916 the revenue amounted to 21 per cent of expenditure and in 1919 to as much as 33 per cent. In the table on page 32 is a statement taken from a recent British publication showing the total annual expenditure

TOTAL EXPENDITURE AND TOTAL REVENUE OF THE UNITED KINGDOM AND THE RELATION
BETWEEN THE TWO IN EACH FISCAL YEAR FROM 1914 TO 1921

Year Ended March 31	Total Expenditure	Total Revenue	Relation of Revenue to Expenditure
			Per cent
1914 (pre-war)	£197,000,000	£198,000,000	100.5
1915	561,000,000	227,000,000	40.4
1916	1,559,000,000	337,000,000	21.6
1917	2,198,000,000	573,000,000	26.1
1918	2,696,000,000	707,000,000	26.2
1919	2,579,000,000	889,000,000	34.5
1920	1,666,000,000	1,340,000,000	80.4
1921	1,195,000,000	1,426,000,000	119.3

and the total annual revenue of the United Kingdom for each fiscal year since 1914 and the relation between the two. You will observe from that table that the revenue which stood at 198,000,000 pounds, or \$990,000,000, in 1914 grew to 1,426,000,000 pounds, or \$7,130,000,000, in 1921. This, I think, may be regarded as a very noteworthy achievement in the circumstances.

One may also derive some encouragement from the last budget statement just made by the Chancellor of the Exchequer, in which he felt that the situation in Great Britain had so much improved that he was able to give substantial relief in connection with the income tax and a few other of the most onerous burdens borne by the British people during the last several years.

The Finance and Currency Situation in Poland

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POLAND, with its fiduciary currency inflated to more than 250 billions of marks and depreciated to approximately the thousandth part of its nominal value, is frequently held up as a classic example of bad financial management. Apart from Russia and Austria, there is no country whose currency is so depreciated. However, despite her unfortunate currency situation, Poland is making very real economic progress. One is, therefore, forced to the conclusion that there are

other factors more important in determining the economic situation of a country than its currency.

The Germans, during their occupation of former Russian Poland, introduced a currency identical in nominal value with the German mark and guaranteed by the German Imperial Bank. When Poland became independent, she began issuing currency of her own, bearing the same name, but carrying the inscription: "The Polish Government assumes the re-